



THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

27 APR 1998

MEMORANDUM FOR SURGEON GENERAL OF THE ARMY
SURGEON GENERAL OF THE NAVY
SURGEON GENERAL OF THE AIR FORCE

SUBJECT: Policy for Basic Core Formulary and Committed Use Requirements Contracts

Current formulary management in Department of Defense (DoD) Military Treatment Facilities (MTFs) varies widely and results in disparate purchasing practices, unilateral decisions that create workload and cost shifts to other MTFs, and lack of uniformity across DoD. Historically, MTF Commanders and MTF Pharmacy and Therapeutics Committees have retained sole authority over formulary product selections and deletions, with minimal coordination with other MTFs.

A. BASIC CORE FORMULARY

1. As a means toward a more consistent pharmacy benefit, a new DoD Formulary Concept has been developed (Attachment 1). Central to this concept is the Basic Core Formulary (BCF), at Attachment 2, which has been established by the DoD Pharmacoeconomic Center (PEC) by my direction. The BCF meets the majority of patients' primary care needs and is a mandatory component of all full service military pharmacy operations. Full service pharmacies are those which provide full prescription service to all beneficiary categories. The BCF, which is very similar to the former Tri-Service Formulary (TSF), contains the minimum drugs which each full service pharmacy must have on its formulary and stock. Limited service pharmacies such as specialty pharmacies within an MTF and/or pharmacies servicing active duty only, are not required to stock the entire BCF and may continue to tailor formularies to meet the needs of the patients served. In the case of multiple strength BCF drugs, all strengths need not be stocked but all prescriptions for that agent will be filled, regardless of strength.
2. Items on the BCF are first line agents that are the preferred choice of therapy. Other agents may be added to the MTF formulary based on the clinical services and scope of care provided by that facility. This will be done through the local Pharmacy and Therapeutic Committee process. The BCF will be updated at least quarterly by a DoD Pharmacy and Therapeutics Committee (P&T) as drug therapies, prices, or requirements change. MTF Pharmacy and Therapeutics Committees may request changes to the BCF by forwarding recommendations approved by the MTF Commander to the DoD P&T Committee.

B. COMMITTED USE REQUIREMENTS CONTRACTS

In a cooperative effort with the Department of Veterans' Affairs (DVA), the DoD PEC and the DVA's Pharmacy Benefit Management Group are identifying candidates for committed use requirements contracts. Contracts will be individually executed and will begin to become

available in approximately four months. Most of these contracted products will populate the BCF at which time the contract-defined drugs will become the mandatory source for all clinics and MTFs. To obtain volume-based, committed use pricing, MTF Commanders will actively assure compliance with the terms of the contracts and will not permit local prescriber or pharmacy industry initiatives to supplant or circumvent contract requirements. In certain classes of drugs, the contracted drug(s) will be the only agents in that class available on formulary. When the contracts become operative, some drugs which are in the same class as the contracted drug may be deleted from the BCF. MTFs may not add drugs in these classes. For example, if a particular class of agents within the start-up BCF has drugs A, B, C, and D and a contract is awarded for drugs C and D, drugs A and B will be deleted from the BCF and providers must prescribe either C or D. MTFs will not be permitted to add drug E from the same class. As described below, MTF providers may use one-time, non-formulary requests to meet their individual patient's needs. Although most contracts will be for BCF items, some high dollar, specialty drugs used at larger facilities may lend themselves to committed use contracts.

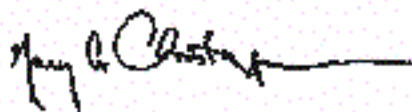
C. POLICIES ON RESTRICTIONS AND NONFORMULARY REQUESTS

Policies on restrictions and procedures for non-formulary requests remain the same. MTF pharmacies are required to fill all prescriptions for MTF formulary drugs, independent of beneficiary category, physician, or beneficiary residence. Restrictions on filling formulary medications are permitted only for valid clinical reasons or safety considerations and must apply uniformly to military and civilian prescribers. Restrictions on prescribing by particular medical specialties may not be used for BCF drugs, but may be used for other MTF formulary drugs, and must apply uniformly to military and civilian prescribers. If the medication needs of an MTF patient cannot be met by formulary medications, the MTF provider may submit a nonformulary medication request. Only MTF providers may submit non-formulary requests, which require the approval of the MTF Commander to validate the existence of special clinical circumstances and to authorize the purchase of the nonformulary medication.

D. IMPLEMENTATION

Within 90 days of the date of this letter, the BCF will replace the TSF, and all MTFs must have developed new formularies based on the BCF. The new formularies will apply to all new prescriptions filled in the direct care system. Patients currently stabilized on a medication that is not on the BCF and that belongs to a closed therapeutic class may be maintained on that medication until a new prescription is issued, or up 180 days after the effective date of class closure, whichever occurs first. This policy is designed to minimize unnecessary provider visits and inconvenience to patients.

Adoption of this concept will allow DoD to establish a comprehensive, coherent plan, designed to achieve DoD's goal of a more uniform, consistent pharmaceutical benefit that optimizes clinical and economic outcomes of drug therapy within available resources.



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